

This Prospectus is not, and under no circumstances is it to be construed as a public offering of these shares for sale in The United States of America or in the territories or possessions thereof.

NEW ISSUE

JUL 6 1952

300,000 COMMON SHARES

(without par value)

COMMODORE BUSINESS MACHINES (CANADA) LIMITED

(Incorporated under the laws of the Province of Ontario)

The 300,000 shares offered herewith constitute new financing by the Company.

The listing of these shares on the Canadian Stock Exchange has been approved subject to the filing of documents and evidence of satisfactory distribution.

Transfer Agent and Registrar:

The Eastern Trust Company, Toronto and Montreal

The Company proposes to offer these shares for sale through registered securities dealers as agents, subject to the approval of all legal matters on behalf of the Company by Solomon, Singer & Rosen, and on behalf of the Fiscal Agent for the Company by Bernhard & Bernhard.

The Company reserves the right to accept application for these shares in whole or in part or to reject any application and to withdraw this offer at any time without notice.

Price: \$2.50 per Share

These Common Shares are offered as speculative securities.

BARRETT, GOODFELLOW & CO.

MEMBERS OF TORONTO STOCK EXCHANGE

330 BAY ST., TORONTO 1

TELEPHONE 368-7631

4 HUGHSON ST. S., HAMILTON

TELEPHONE Jackson 7-3656

COMMODORE BUSINESS MACHINES (CANADA) LIMITED

The following information has been supplied by the President of Commodore Business Machines (Canada) Limited.

The Company

Commodore Business Machines (Canada) Limited (hereinafter referred to as the "Company") was incorporated under the name of Commodore Portable Typewriter Company Limited on October 10, 1958, pursuant to the laws of the Province of Ontario. Commodore Business Machines, Inc., a wholly-owned subsidiary of the Company (hereinafter referred to as the "Subsidiary") was incorporated on July 5, 1960, pursuant to the laws of the State of New York.

History of the Company and its Subsidiary

The Company was incorporated for the purpose of manufacturing, assembling, reconditioning and distributing typewriters and adding machines specifically, and new and used business equipment of all types generally. As a result of extensive marketing research carried on by management, the Company determined that a substantial market existed in North America for competitively priced new business machines. To this end the Company successfully negotiated agreements with various European manufacturers of business machines and obtained exclusive licenses to manufacture and/or assemble these business machines and distribute them throughout North America and the Commonwealth. These machines are marketed under the trade name "Commodore".

The Company, ever cognizant of the competitive nature of the industry has striven to manufacture quality products which would find ready acceptance with the style conscious consumer. Working closely with leading Canadian designers, the Company has successfully marketed machines which have been widely acclaimed for their advanced styling. In 1960, one of the Company's portable typewriters won a national design award in Canada.

The Company began exporting new business machines to the United States in 1958. By 1960, volume of exports had increased substantially through sales to two New York companies which had long and successful histories in the wholesale and retail distribution of business machines in the United States. Recognizing the potential of the United States market for its products, and aware of the important connections of the two established New York companies, the Company organized the Subsidiary, which wholly acquired and became the successor to the two New York companies.

The Subsidiary Company leases and operates retail outlets for business machines at the following department stores:

Name	Location
MACY'S	Herald Square, New York City
	White Plains, New York
	Roosevelt Field, New York
	Jamaica, New York City
	Parkchester, New York City
BAMBERGER'S	Flatbush, New York City.
	Newark, New Jersey
	Paramus, New Jersey
	Morristown, New Jersey
	Monmouth, New Jersey
	Plainfield, New Jersey
LITT BROTHERS	Princeton, New Jersey
	Menlo Park, New Jersey
	Philadelphia, Pa.
	Camden, New Jersey
	Trenton, New Jersey
and also SNELLENBERGS LA SALLE & KOCH DAVISON & PAXTON GILCHRIST	Atlantic City, New Jersey
	Willow Grove, Pa.
	Broomall, Pa.
	Philadelphia, Pa.
	Toledo, Ohio
	Atlanta, Georgia
	Boston, Massachusetts

In addition to its retail sales outlets, the Subsidiary is engaged in the wholesaling of its products to over 1,000 distributors and dealers throughout the United States.

Plant

The Company presently occupies 17,000 square feet of leased premises on King Street West in Toronto, and employs about 50 skilled and semi-skilled workers. The Subsidiary presently occupies 20,000 square feet of leased premises in three locations in New York City and has about 25 employees (exclusive of space and employees working in leased retail outlets at various department stores).

Sales and Outlook

From its inception in 1958 the aggregate sales of the Company for each successive fiscal period have substantially increased. The Company has become one of the major suppliers of business machines to all large chain department stores across Canada and sales to such chains are ever expanding. In some instances the machines are marketed under the private label of the department stores. In addition, the Company distributes

its products to many catalogue houses, stationery and office equipment suppliers and retail business machine outlets throughout Canada. The Company's present backlog of orders and the prospects of continuing growth of business in its fields would appear to indicate the Company's operations in the foreseeable future will continue to grow as rapidly as they have in the past.

The Subsidiary, in its first fiscal year of operations, had gross sales in excess of \$1,500,000.00. From present indications it would appear that gross sales for the next fiscal year ending June 30th, 1962 will be substantially greater.

Purpose of Issue

In order to maintain its rapidly expanding high volume of business, it became necessary for the Company to borrow substantial sums of money at high interest rates. The proceeds of the issue will be used to reduce these loans, thereby decreasing the present interest charges and consequently increasing the working capital of the Company. The balance of the proceeds will be used for general corporate purposes, including the expansion of the existing facilities, where necessary.

Management

The Company has been managed from its inception by Mr. Jack Tramiel, President and Mr. Manfred Kapp, Secretary-Treasurer. Guided by their leadership and years of experience in all phases of the industry, the Company has achieved its present status in a relatively short period of operation.

The Future

Because of the vastly increasing market for business machines in North America, and with "Commodore" products gaining consumer recognition, the Company is in a position to expand its operations substantially in all areas. In its very short period of corporate existence, the Company has attained a high volume of sales and captured an ever-increasing share of the market. To complement and expand its lines, the Company is currently negotiating with a manufacturer to obtain the exclusive North American right to market its dry process photocopying machine. In addition extensive discussions have been held with a European manufacturer who is in the final stage of developing an advanced electronic bookkeeping machine and dictating machine to obtain the exclusive right to market these machines in North America. It is anticipated that these machines will be available for distribution by the end of 1962, and the Company intends to expand its production and distribution by the inclusion of these new products in its range of business machines. Negotiations in this respect are now being carried on.

With greater inventories of present products available, with new models of present products and development of new products, the Company should remain solidly entrenched in the industry in North America.

Statutory Information

1. The full name of the Company and the address of its office is Commodore Business Machines (Canada) Limited, (herein referred to as the "Company"), 680 King Street West, Toronto, Ontario, Canada.
2. The Company was incorporated under the laws of the Province of Ontario by Letters Patent dated October 10, 1958, and Supplementary Letters Patent dated February 7, 1962, converting the Company from a private to a public company, have been issued to the Company.
3. The general nature of the business actually transacted or to be transacted by the Company is the manufacture, assembly and sale of office business machines and equipment, principally typewriters and adding machines.
4. The names in full, present occupations and home addresses in full of the directors and officers of the Company are as follows:-

Directors

Name	Occupation	Residence Address
JACK TRAMIEL	Executive	3226 Grand Boulevard, Baldwin, Long Island, New York, U.S.A.
MANFRED KAPP	Executive	53 Fenelon Drive, Don Mills, Ontario
BENJAMIN OREMLAND	Attorney	120 East 79th Street, New York, New York, U.S.A.
HARRY WAGMAN	Certified Public Accountant	72 Shallmar Blvd., Toronto, Ontario
CHARLES WILLIAM STREIT	Investment Dealer	88 Stratford Crescent, Toronto, Ontario
CARMAN GEORGE KING	Investment Dealer	171 Owen Boulevard, Toronto, Ontario
CARL MORTON SOLOMON	Solicitor	507 Atlas Avenue, Toronto, Ontario

Officers

JACK TRAMIEL	President	3226 Grand Boulevard, Baldwin, Long Island, New York, U.S.A.
MANFRED KAPP	Secretary-Treasurer	53 Fenelon Drive, Don Mills, Ontario

5. Messrs. Rose & Harrison, Chartered Accountants, 18 Grenville Street, Toronto 5, Ontario are the Auditors of the Company.
6. The transfer agent and registrar for the Common Shares of the Company is The Eastern Trust Company at its offices in the Cities of Montreal and Toronto, Canada.
7. Prior to February 7, 1962, the authorized capital of the Company consisted of 11,000 non-voting preference shares with a par value of \$1.00 each, none of which shares were issued or outstanding, and 4,000 common shares with a par value of \$1.00 each, of which 1,032 were issued and fully paid. Supplementary Letters Patent were issued to the Company as of February 7, 1962, reclassifying, redividing and changing 1,032 issued common shares of the Company with a par value of \$1.00 each into 516,000 issued common shares without nominal or par value; cancelling the 11,000 unissued non-voting preference shares; cancelling 2,968 unissued common shares; and creating an additional 1,484,000 common shares without nominal or par value ranking on a parity with the 516,000 issued common shares aforesaid.
8. The Common shares of the Company are entitled to one vote per share at all meetings of shareholders, have equal rights as to dividends, profits, or capital, and on a liquidation or other distribution of capital assets, are entitled to participate equally in any and all assets available for distribution to the shareholders. There are no preferences, and no conversion, exchange or redemption rights attaching to the Common shares.
9. Under an agreement dated October 31, 1961, between the Company and Commodore Sales Acceptance Limited (hereinafter referred to as "Sales"), the Company has outstanding as at February 28, 1962, a loan in the amount of \$300,000.00 bearing interest at the rate of 8.8% per annum and maturing on September 30, 1968. Pursuant to the terms thereof the Company pays interest only, up to December 31, 1962, and thereafter in addition to the interest, has agreed to repay the principal amount in sixty equal monthly instalments of \$5,000.00 each. The Company is obliged to make only ten principal payments annually. Reference is expressly made to Note 4 to the accompanying Consolidated Balance Sheet as at February 28, 1962. In addition and as security for the repayment of the loan the Company has given to Sales a First Floating Charge on all the Company's assets, dated January 6, 1961.

Under an agreement between the Subsidiary and Commodore Factors Limited dated October 31, 1961, the Subsidiary has outstanding as at February 28, 1962 a loan in the amount of \$200,000.00 bearing interest at the rate of 8.8% per annum and maturing on September 30, 1968. Pursuant to the terms thereof the Subsidiary pays interest only, up to December 31, 1962, and thereafter in addition to the interest has agreed to pay \$3,530.00 on account of the principal sum loaned on December 31, 1962 and for the next succeeding ten months in each year the Subsidiary has agreed to repay \$3,330.00 on account of the principal sum loaned — that is,

the Subsidiary is not obliged to make any payments whatsoever on account of principal in the months of November and December in any year during the term of the loan. Reference is expressly made to Note 4 to the accompanying Consolidated Balance Sheet as at February 28, 1962.

The Company and its Subsidiary receive additional loans from both Sales and Commodore Factors Limited on a current revolving account basis. Reference is expressly made to Note 2 (a) to the accompanying Consolidated Balance Sheet as at February 28, 1962.

10. No substantial indebtedness not shown on the accompanying Consolidated Balance Sheet of the Company as at February 28, 1962, forming part of this Prospectus is now intended to be created or assumed except obligations to be incurred in the ordinary course of the business and operations and on the general credit of the Company.
11. The Company contemplates that it may in the future establish a stock option plan for employees of the Company, pursuant to which such employees may be granted options to purchase not more than an aggregate of 60,000 common shares in the capital stock of the Company over a period of five years. No details have been settled as yet with respect to such stock option plan and it is not possible to state at this time the number of common shares which may be subject thereto or the price or prices at which any option thereunder may be granted. Except as stated above no securities of the Company are covered by outstanding options given by the Company or options proposed to be given by the Company.
12. The securities offered by this Prospectus are 300,000 Common Shares. The issue price to the public and the terms thereof are as stated on the facing page of this Prospectus, to which reference is hereby expressly made. No securities have been offered for subscription by the Company within the two years preceding the date of this Prospectus.
13. The estimated net proceeds to be derived by the Company from the sale of the 300,000 Common Shares hereby offered, on the basis of the same being fully taken up and paid for will be \$675,000.00, less legal, auditing, printing and other expenses in connection with the issue, estimated at \$10,000.00.
14. The net proceeds to be received by the Company from the sale of the securities referred to in Paragraph 13 are to be applied by the Company in the following manner: approximately \$665,000.00 will be used to reduce outstanding finance company indebtedness and the balance, if any, will be used for general corporate purposes.

There is no provision for the holding in trust of the proceeds from the sale of the said 300,000 Common Shares pending or subject to the fulfilment of any conditions.

15. No minimum amount in the opinion of the directors of the Company must be raised by the issue of the Common Shares offered by this Prospectus to provide the sums or the balance of the sums required to be provided for the following matters:
 - (a) the purchase price of any property purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the issue;
 - (b) any preliminary expenses payable by the Company;
 - (c) any commission payable by the Company to any person in consideration of his agreeing to subscribe for or procuring or agreeing to procure subscriptions for any shares in the Company;
 - (d) the repayment of any moneys borrowed by the Company in respect of the foregoing matters; and
 - (e) the repayment of bank loans, if any.Reference is, however, made to Paragraphs 13 and 14.

16. The Company proposes to offer for sale through registered securities dealers as agents 300,000 shares of its capital stock at the price of \$2.50 per share, of which the Company may pay a commission not exceeding 25c per share, in which case the net proceeds to be derived by the Company from the said shares so sold would be the selling price less such commissions.

After the said 300,000 shares have been distributed, the holders of the 516,000 shares of the Company then issued and outstanding or some thereof may offer to sell their shares or some thereof from time to time during the course of primary distribution through registered securities dealers who will be acting as their agents and will be paid the usual and customary commissions. The proceeds of such sales would not accrue to the benefit of the Company's treasury. Reference is, however, made to Paragraph 30, hereof.

17. The by-laws of the Company contain the following provisions for the remuneration of directors:

"28. Remuneration of Directors — The Directors shall be paid such remuneration, if any, as the Board may from time to time determine. Any remuneration so payable to a Director who is also an officer or employee of the Company or who is counsel or solicitor to the Company or otherwise serves it in a professional capacity shall be in addition to his salary as such officer or to his professional fees as the case may be. In addition the Board may by resolution from time to time award special remuneration out of the funds of the Company to any Director who performs any special work or service for, or undertakes any special mission on behalf of the Company, outside the work or services ordinarily required of a Director of the Company. The Directors shall also be paid such sums in respect of their out-of-pocket expenses incurred in attending board, committee or shareholders' meetings or otherwise in respect of the performance by them of their duties as the Board may from time to time determine. No confirmation by the shareholders of any such remuneration or payment shall be required."
18. The aggregate remuneration paid by the Company during its last financial year ended December 31, 1961 to the Directors of the Company as such was nil and to those officers and employees who are now officers of the Company who individually received or were entitled to receive remuneration in excess of \$10,000.00 per annum was \$30,000.00. It is estimated that the aggregate remuneration to be paid or which will be payable during the current financial year to Directors as such will be nil, and to officers who individually will receive or be entitled to receive remuneration in excess of \$10,000.00 per annum will be \$30,000.00.
19. No amount has been paid within the two preceding years, or is now payable as a commission by the Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions for any shares in or obligations of the Company or its Subsidiary. Reference is hereby expressly made to Paragraph 16 hereof for the price at which the 300,000 Common Shares are to be sold by the Company through registered securities dealers.

20. The Company has been carrying on business for more than one year.
21. Except as to transactions entered into in the ordinary course of business, or on the general credit of the Company, no property has been purchased or acquired by the Company the purchase price of which is to be defrayed in whole or in part out of the proceeds of the shares hereby offered, or has been within the two preceding years or is to be paid in whole or in part in securities of the Company, except that pursuant to an Agreement dated April 18, 1961, the Company purchased from George Purvin, of the City of New York, two common shares in the capital stock of each of Herald-Superior Office Equipment, Inc., and Commodore Business Machines, Inc. Herald-Superior Office Equipment, Inc., was wound up after its acquisition. Commodore Business Machines, Inc., is now a wholly-owned subsidiary of the Company.
The shares so acquired represented 50% of the issued and outstanding common shares of the Subsidiary, and in payment therefor the Company allotted 200 fully paid common shares (now representing 100,000 common shares) of the capital stock of the Company to the said George Purvin. The purchase aforesaid resulted in Commodore Business Machines, Inc., becoming a wholly-owned subsidiary of the Company. Save as aforesaid no securities have been issued or agreed to be issued within the two preceding years as fully or partly paid up otherwise than in cash. Reference is, however, made to Paragraph 16 hereof.
22. No securities of the Company have, within the two years preceding the date of this Prospectus, been issued or agreed to be issued as fully paid or partly paid up otherwise than in cash.
23. No obligations are offered by this Prospectus.
24. No services have been rendered or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds of the shares offered hereby or have been within the last two preceding years or are to be paid for by securities of the Company except for the legal, auditing, printing and other expenses referred to in Paragraph 13 hereof.
25. No amount has been paid within the two years preceding the date of this Prospectus or is intended to be paid to any promoter as such.
26. No material contract has been entered into by the Company within the two years preceding the date hereof other than contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company, and the contracts referred to in Paragraphs 9 and 21 hereof, to which reference is hereby expressly made, and a contract between the Company and Commodore Industries Limited, made as of July 3, 1961. Pursuant to the terms of this latter contract, Commodore Industries Limited assigned to the Company the exclusive North American rights to assemble and sell "Quick" Adding Machines, in consideration for either royalty payments based on sales, not to exceed in the aggregate \$125,000.00, or a cash payment of \$100,000.00. Reference is hereby expressly made to Note 3 to the accompanying Consolidated Balance Sheet as at February 28, 1962. Messrs. Tramiel and Kapp are the owners of all the issued capital stock of Commodore Industries Limited.
Copies of the above-mentioned agreements may be inspected during ordinary business hours at the head office of the Company, 680 King Street West, Toronto, Ontario, at any time during the period of primary distribution to the public of the securities offered hereby.
27. The Company does not propose to acquire any property in which any Director of the Company has an interest.
28. The Company has been carrying on business for more than three years.
29. No person is known to be, by reason of beneficial ownership of securities of the Company, in a position to elect or cause to be elected a majority of the Directors of the Company. The persons referred to in Paragraph 4 hereof, to which reference is hereby expressly made, could, if they acted as a group, elect or cause to be elected a majority of the Directors of the Company.
30. 464,400 shares of the capital stock of the Company are held in escrow by The Eastern Trust Company, subject to release pro rata to the parties entitled thereto as follows:
154,800 shares - 6 months from the effective date
154,800 shares - 9 months from the effective date
154,800 shares - 12 months from the effective date, or
earlier only with the written consents of The Ontario and Quebec Securities Commissions. The effective date herein means the date of acceptance of a Prospectus by the Ontario and Quebec Securities Commissions, whichever is later.
31. No dividends have been paid on any shares of the Company during the five years preceding the date of this Prospectus.
32. There are no material facts not disclosed in the foregoing or in the financial statements and reports attached to this Prospectus.
The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), and there is no further material information applicable other than in the financial statements or reports where required.

DATED the 31st day of May, 1962.

Directors

(Signed) JACK TRAMIEL
(Signed) BENJAMIN OREMLAND
(Signed) CHARLES WILLIAM STREIT
(Signed) CARL MORTON SOLOMON
(Signed) MANFRED KAPP
(Signed) HARRY WAGMAN
(Signed) CARMAN GEORGE KING

COMMODORE BUSINESS MACHINES (CANADA) LIMITED (5)

Consolidated Balance Sheet (1)

as at February 28, 1962

A S S E T S

CURRENT ASSETS

Cash on Hand and in Banks		\$	45,682.56	
Accounts and Notes Receivable (2a)	\$347,519.82			
Less — Provision for Doubtful Accounts	<u>20,325.98</u>		327,193.84	
Discounts, Deposits and Refunds Receivable			82,856.05	
Advances to Shareholders			11,002.79	
Prepaid Expenses			9,265.65	
Merchandise Inventory (at Lower of Cost or Market) (2a)			<u>1,507,541.02</u>	\$1,983,541.91

FIXED ASSETS (AT COST)

Tools and Equipment	\$ 39,744.64			
Less — Accumulated Depreciation	<u>7,014.85</u>	\$	32,729.79	
Dies and Moulds	\$ 36,546.77			
Less — Accumulated Amortization	<u>6,250.80</u>		30,295.97	
Automotive Equipment	\$ 18,830.77			
Less — Accumulated Depreciation	<u>6,156.97</u>		12,673.80	
Leasehold Improvements	\$ 1,958.63			
Less — Accumulated Depreciation	<u>603.42</u>		1,355.21	77,054.77

OTHER ASSETS

Notes Receivable		\$	41,000.00	
Advances to Commodore Industries Limited — Jamaica (3)			92,097.37	
Franchise and Manufacturing Rights (Cost)			31,000.00	
Organization Expense			<u>5,429.85</u>	169,527.22
Total Assets				<u>\$2,230,123.90</u>

L I A B I L I T I E S

CURRENT LIABILITIES

Accounts and Notes Payable and Accruals (2b)	\$ 560,471.13			
Provision for U.S. Federal and State Taxes	6,352.67			
Sales and Excise Taxes Payable	2,046.21			
Advances from Finance Companies (2a)	813,689.54			
Advances from Shareholders	<u>50,000.00</u>		1,432,559.55	

LONG TERM LIABILITIES

Notes Payable (4)			500,000.00	
Total Liabilities			<u>\$1,932,559.55</u>	

SHAREHOLDERS' EQUITY (5)

CAPITAL STOCK

Authorized:				
2,000,000 Common Shares without Par Value			<u>\$1,000,000.00</u>	
Issued and Fully Paid:				
516,000 Common Shares without Par Value		\$	1,032.00	

SURPLUS

Earned Surplus (Consolidated)	\$ 28,219.93			
Contributed Surplus	235,168.00			
Capital Surplus	<u>33,144.42</u>		296,532.35	297,564.35
Total Liabilities and Shareholders' Equity				<u>\$2,230,123.90</u>

CONTINGENT LIABILITY

Guaranteed Notes:	\$11,513.06
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The Notes on the following pages form an integral part of the Consolidated Balance Sheet and should be read in conjunction therewith.

Approved on behalf of the Board of Directors

(Signed) JACK TRAMIEL
Director

(Signed) MANFRED KAPP
Director

COMMODORE BUSINESS MACHINES (CANADA) LIMITED (5)

And Its Wholly-Owned Subsidiary (1)

Notes To Consolidated Balance Sheet

as at February 28, 1962

(1) The Consolidation includes the wholly-owned Subsidiary of the Company — "Commodore Business Machines, Inc." of New York City.

(2) (a) The advances from finance companies are secured as follows:

Specific assignments of:

Accounts Receivable \$ 98,090.30

Merchandise Inventory 268,735.98

General Assignments of:

Accounts Receivable and Inventory 924,588.11

\$1,291,414.39

Unsecured advances 7,000.00

\$1,298,414.39

(b) In addition to the above, the finance companies have guaranteed the payment of \$118,729.50 of notes and accounts payable.

(3) The collectibility of advances to Commodore Industries Limited — Jamaica, is dependent upon the revenue the Jamaican Company will receive from a contract in which the franchise rights of the "Quick" Adding Machine are leased to Commodore Business Machines (Canada) Limited and its Subsidiary. As an alternative, this contract provides for the purchase of these franchise rights for \$100,000.00.

(4) The Long Term Notes Payable are as follows:

Commodore Business Machines (Canada) Limited \$300,000.00

This Note is collaterally secured by a First Floating Charge Debenture registered against the assets of the Company.

Commodore Business Machines, Inc. \$200,000.00

This Note is collaterally secured by warehouse receipts and specific assignments of accounts receivable.

Total \$500,000.00

These loans bear interest at 8.8% per annum. The first payment on principal begins December 31, 1962 in the amount of \$8,530.00, to be followed by an additional 59 payments of \$8,330.00 each. The final payment is due on September 30, 1968.

(5) SHAREHOLDERS' EQUITY

GENERAL

Supplementary Letters Patent were issued by the Province of Ontario on February 7, 1962, changing the name of the Company from "Commodore Portable Typewriter Company Limited" to "Commodore Business Machines (Canada) Limited" and converting the company to a public company.

Prior to the issue of Supplementary Letters Patent, an additional 632 common shares of the original authorized capital were issued for a consideration of \$235,800.00, of which \$235,168.00 was allocated to contributed surplus. The Supplementary Letters Patent converted the existing 1,032 common shares with a par value of \$1.00 each to 516,000 common shares without par value and increased the authorized capital by 1,484,000 common shares without par value to create a total authorized capital of 2,000,000 common shares without par value.

SURPLUS

Earned Surplus (Consolidated) — See Note (4) on comparative statement of earnings \$ 28,219.93

Contributed Surplus — arising from the conversion of loans payable to share capital 235,168.00

Capital surplus — arising from the sale of fixed assets, less uncollectible advances to other corporations, as well as the surplus arising on the acquisition of the Subsidiary.

(\$550.00) 33,144.42

\$296,532.35

(6) The Assets and Liabilities are included on the basis of U.S. \$1.00 = Canadian \$1.00.

Auditors' Report

To the Directors,

Commodore Business Machines (Canada) Limited:

We have examined the Consolidated Balance Sheet of Commodore Business Machines (Canada) Limited and its wholly-owned Subsidiary as at February 28, 1962. With respect to the accounts of the Parent Company, our examination included a general review of the accounting procedures and such tests of the accounting records as we considered necessary in the circumstances. Although we were not present during stocktaking, we have conducted an examination of the inventory records and other supporting evidence and we have been satisfied that the inventory is reasonable and has been valued at the lower of cost or market, consistent with the methods applied in previous years.

The accounts of the Subsidiary were examined by Messrs. Katz, Fenton and Schulman, Accountants and Auditors in New York and are included in the Consolidated Balance Sheet on the basis of their reports, qualified by the fact that they "were not present to observe the taking of physical inventories" but did check "the calculations and pricing by means of sales and other data. Although there may be variations which would affect the reporting of profits, the inventories do not appear to be unreasonable."

In our opinion, based on our examination and the report of the other auditors, the accompanying Consolidated Balance Sheet presents fairly the consolidated financial position of the companies as at February 28, 1962 according to the best of our information and explanations given to us, and as shown by the books of the Parent Company.

ROSE & HARRISON,

Chartered Accountants.

Toronto, April 8, 1962.

COMMODORE BUSINESS MACHINES (CANADA) LIMITED (5)

Comparative Statement of Consolidated Earnings

Fiscal Period	Gross Income	Profit From Operations Before Depreciation, Interest Charges and Taxes on Income	(2) Depreciation	Profit From Operations Before Interest Charges and Taxes on Income	Interest on Finance Companies' Advances	Taxes on Income	Net Income	Profit
Year Ended January 31, 1960	\$ 591,041.02	\$ 60,617.01	\$ 3,428.71	\$ 57,188.10	\$ 52,878.04	—	\$ 4,310.06	Profit
Year Ended January 31, 1961	1,124,596.95	95,366.89	3,040.19	92,326.70	103,496.37	—	(11,169.67)	Loss
Five Months Ended June 30, 1961 (1) (3)	409,757.99	25,922.90	920.66	25,002.24	50,990.88	—	(25,988.64)	Loss
Eight Months Ended February 28, 1962 (Consolidated)	2,037,753.15	213,925.76 (4)	12,356.44	201,569.32	133,023.93	\$12,871.50	55,673.89 (4)	Profit

Notes To Comparative Statement of Earnings

- (1) The Company's Fiscal Year End was changed to June 30.
- (2) No depreciation was provided for tools, dies and moulds until July 1, 1961. Had depreciation been taken, in the manner as set by the Directors for the eight months ended February 28, 1962, the amounts shown would have been increased as follows:

January 31, 1960 —	\$6,108.29
January 31, 1961 —	6,591.35
June 30, 1961 —	2,704.65

All depreciation shown above has been taken at maximum rates as permitted by the Income Tax Act with the exception of depreciation of dies and moulds for which the Directors have set a policy of a 25% per annum write-off of the reducing balance. (The Income Tax Act provides for a maximum of 100% per annum write-off of dies and moulds.)

- (3) Because controlling interest in the Subsidiary, "Commodore Business Machines, Inc.", was not held prior to July 1, 1961, and accurate information is not available for the broken periods, the consolidation of the accounts of the Subsidiary was not made prior to the effective control date.

The Operations of Commodore Business Machines, Inc. for the Year Ended June 30, 1961 are as follows:

Gross Income	\$1,793,213.00
Profit from Operations, Before Depreciation, Interest Charges and Taxes on Income	43,742.46
Depreciation	4,098.00
Interest on Finance Companies' Advances	31,604.00
Taxes on Income (including Refund Claimed)	2,646.17
Net Income	5,394.29

- (4) The consolidation includes \$6,982.50 in Profits which were not taken up by the Subsidiary within the eight month period ended February 28, 1962.
- (5) The name of the Company was changed on February 7, 1962 by the granting of Supplementary Letters Patent, from "Commodore Portable Typewriter Company Limited" to "Commodore Business Machines (Canada) Limited".

Auditors' Report

To the Directors,
Commodore Business Machines (Canada) Limited:

We have examined the comparative statement of consolidated earnings for Commodore Business Machines (Canada) Limited for the two years, five months ended June 30, 1961 and the eight month period ended February 28, 1962. With respect to the accounts of the Parent Company, our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. Although we were not present during stocktaking, we have conducted an examination of the inventory records and other supporting evidence and we have been satisfied that the inventory is reasonable and has been valued at the lower of cost or market, consistent with the methods applied in previous years.

The accounts of the Subsidiary were examined by American Accountants and are included in the consolidated form for the eight months ended February 28, 1962 on the basis of their reports.

In our opinion, the accompanying statement, when read in conjunction with footnotes thereto, presents fairly the earnings of the Company for the periods shown, in accordance with generally accepted accounting principles applied on a basis consistent throughout the periods.

ROSE & HARRISON,

Chartered Accountants.

Toronto, April 8, 1962.

John G. Hall

June 20

NOV 21 1962

This prospectus is not and under no circumstances is it to be construed as a public offering of these Debentures or Share Purchase Warrants for sale in the United States of America or in the territories or possessions thereof.

NEW ISSUE

\$1,000,000

COMMODORE BUSINESS MACHINES (CANADA) LIMITED

7% Convertible Sinking Fund Debentures Series A

(accompanied by Share Purchase Warrants)

To be dated November 1, 1962

To mature November 1, 1974

Principal and half-yearly interest (May 1 and November 1) and redemption premium, if any, on these 7% Convertible Sinking Fund Debentures Series A (the "Series A Debentures") will be payable in lawful money of Canada at any branch in Canada (far northern branches excepted) of the bankers of the Company at the holder's option. The Series A Debentures will be issued in coupon form, registrable as to principal only, in denominations of \$500 and \$1,000 and in fully registered form in denominations of \$1,000 and any multiple thereof.

The Series A Debentures shall not be redeemable until July 1, 1963. From and after July 1, 1963, the Series A Debentures shall be redeemable for other than sinking fund purposes prior to maturity at the option of the Company, in whole at any time or in part from time to time, on not less than 30 days prior notice at the principal amount thereof, plus accrued and unpaid interest to the date specified for redemption, plus a premium of 6% of such principal amount to and including November 1, 1964; thereafter the said premium to decrease progressively by .6% on November 2, 1964 and on each succeeding November 2 to and including November 2, 1973 on and after which date the Series A Debentures will be redeemable without premium.

Sinking Fund

The Company will covenant to establish a sinking fund to provide for the retirement of \$100,000 principal amount of Series A Debentures on November 1 in each of the years 1965 to 1973 inclusive. The Series A Debentures will be redeemable for sinking fund purposes by lot on 30 days prior notice at the principal amount thereof plus accrued and unpaid interest to the date specified for redemption. Further particulars concerning the sinking fund are more fully given herein.

Conversion Privilege

Each Series A Debenture will be convertible at the option of the holder, at any time after June 15, 1963 and up to the close of business on October 31, 1974 or the fifth day immediately preceding the date specified for redemption of any such Debenture, whichever is the earlier, into fully paid and non-assessable common shares in the capital of the Company at a price of \$4.00 per share being at the rate of 250 common shares for each \$1,000 principal amount of each Series A Debenture. The Company will pay accrued interest to the date of conversion of each Series A Debenture. The Trust Indenture pursuant to which the Series A Debentures will be issued will include provisions for adjustment of the conversion privilege in certain events more fully referred to herein.

Share Purchase Warrants

The Series A Debentures, when originally issued in definitive form, will be accompanied by Share Purchase Warrants entitling the holders thereof to purchase at any time on and after July 1, 1963 and on or before November 1, 1974 common shares in the capital of the Company at the rate of 100 common shares in respect of each \$1,000 principal amount of such Series A Debentures at a price of \$4.50 per share. The Indenture pursuant to which the Share Purchase Warrants will be issued will contain provisions for adjustment of the purchase price and of the number of shares issuable pursuant to the privilege attaching to the Share Purchase Warrants, in certain events more fully referred to herein.

Trustee:

MONTREAL TRUST COMPANY
Toronto and Montreal

We, as principals, offer these Series A Debentures accompanied, when originally issued in definitive form, by Share Purchase Warrants of the Company, subject to prior sale and change in price if, as and when issued and accepted by us and subject to the approval of all legal matters on behalf of the Company by Messrs. Solomon, Singer & Rosen, Toronto, and on our behalf by Messrs. McCarthy & McCarthy, Toronto.

Price: 100

and accrued interest

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that Series A Debentures in interim form (exchangeable for Series A Debentures in definitive form, accompanied by Share Purchase Warrants, when available) will be available for delivery on or about November 30, 1962.

ANNETT & COMPANY LIMITED

220 Bay Street

Telephone 362-7661

Toronto 1, Canada

The following information has been supplied by Mr. Jack Tramiel, the President of Commodore Business Machines (Canada) Limited.

The Company

Commodore Business Machines (Canada) Limited (herein sometimes referred to as the "Company" or "Commodore") was incorporated as a private company under the laws of the Province of Ontario by Letters Patent dated October 10, 1958, with the name Commodore Portable Typewriter Company Limited. By Supplementary Letters Patent dated February 7, 1962, the Company was converted into a public company and its name was changed to the present one.

Business and Products

The Company manufactures, assembles and distributes office business machines, principally typewriters and adding machines. The Company found that a growing market existed in North America for low priced new business machines and began exporting its products to the United States in 1958, shortly after its incorporation. Sales were originally made through two retail and wholesale companies in New York. Products are now marketed in the United States by Commodore Business Machines, Inc. (herein sometimes referred to as "Commodore Inc.") a wholly owned subsidiary of the Company.

Products are marketed across Canada and the United States under the "Commodore" trade name as well as private labels. The Company has worked closely with Canadian designers in an effort to produce business machines of functional and pleasing design. In 1960 Commodore won a national design award in Canada for one of its portable typewriters.

To a limited extent Commodore also reconditions and sells used business machines, mainly adding machines and typewriters. Recently, however, this phase of its business has assumed a decreasing proportion of its overall operation.

Plants and Distribution Facilities

The Company occupies approximately 17,000 square feet of leased premises at 680 King Street West, in Toronto, Ontario, where it carries on its manufacturing and assembling operations in Canada. The Company is one of the major suppliers of typewriters and adding machines to department stores in Canada, among them The Robert Simpson Company Limited, Simpsons-Sears Limited, T. Eaton Co. Limited, and the Hudson's Bay Company. Products are also marketed through catalogue houses and office equipment suppliers.

Commodore Inc. leases 20,000 square feet in three locations in New York City used for warehouse, showroom and office purposes. It also leases and operates retail outlets for business machines along the Eastern seaboard in department stores, among them Macy's, Bamberger's, Davison & Paxton, and Gilchrist. Commodore Inc. also acts as a wholesaler of its products to over 1,000 independent distributors and dealers throughout the United States.

New Developments

Commodore has entered the field of office photocopying machines with its "Commodore" Drycopy, a compact machine which operates on a heat transfer principle as opposed to the more time-consuming "wet" chemical process. In June 1962 two wholly-owned subsidiaries were incorporated, Commodore Drycopy Limited, with operations based in Toronto, and Commodore Dry Copy Inc., in New York City, to distribute the Company's photocopying machine in Canada and the United States, respectively. Both subsidiaries will also distribute paper supplies necessary for the operation of the machine and provide service for it.

In August of 1962, Commodore Inc. bought about 48% of the outstanding common shares of Analogue Controls Inc. (hereinafter referred to as "Analogue"), of Hicksville, New York. Analogue will manufacture drycopy machines in the United States for Commodore, both for domestic and export distribution. This arrangement should give Commodore Inc. a better competitive position in the American market. It is anticipated that drycopy machines will also be manufactured in Canada once operations are firmly established in the Analogue New York plant.

Analogue manufactures precision potentiometers and automatic control systems and components. No major changes will be required to its plant facilities to manufacture the drycopy machine in addition to its established line of products.

Commodore is negotiating with a European manufacturer for exclusive licenses to market an electronic bookkeeping machine and a dictating machine in North America. Arrangements are also in progress to establish facilities for distributing over 70 office supply items. Senior sales personnel have also been acquired to strengthen the Company's marketing organization.

Management

Messrs. Jack Tramiel and Manfred Kapp, the President and Secretary-Treasurer, respectively, and the founders of the Company, have been engaged in the business machine industry for many years and have extensive knowledge of all phases of the industry. Mr. Fenimore Fisher, Vice-President in charge of Commodore's manufacturing facilities, is President of Analogue. Mr. Fisher is experienced in engineering and precision manufacturing, having been previously associated with McGraw-Edison Company for many years before coming to Analogue early in 1961. Mr. C. P. Morgan, Chairman of the Board of Commodore, is President of Atlantic Acceptance Corporation Limited, and has had a varied experience in general business and corporate finance.

Purpose of Issue

The net proceeds from the sale of the \$1,000,000 principal amount of 7% Convertible Sinking Fund Debentures Series A and 200,000 Share Purchase Warrants (of which 100,000 Warrants will accompany the said Debentures when originally issued in definitive form) proposed to be issued by the Company, will be used in part to liquidate outstanding advances from a finance company to Commodore Inc. totalling about \$848,000. The balance of such net proceeds will be added to the working capital of the Company.

Capitalization
(after giving effect to the present financing)

	Authorized (1)	Outstanding
Debtentures		
7% Convertible Sinking Fund Debtentures Series A.....		\$1,000,000
Common Shares without par value.....	2,000,000 shs. (2)	816,000 shs.
(1) the authorized aggregate principal amount of Debtentures which may be issued at any time is unlimited but additional Debtentures may only be issued subject to the restrictions to be contained in the Trust Indenture hereinafter referred to.		
(2) of which (a) 200,000 common shares will be reserved for the exercise of 200,000 Share Purchase Warrants to be outstanding on the completion of the present financing, entitling the holders thereof to purchase fully paid and non-assessable common shares at \$4.50 per share, (b) 250,000 common shares will be reserved for the exercise of the conversion privilege attaching to the 7% Convertible Sinking Fund Debtentures Series A, entitling the holders thereof to convert the said Debtentures into fully paid and non-assessable common shares at \$4.00 per share, and (c) 60,000 common shares will be reserved for options granted to employees to purchase fully paid and non-assessable common shares at \$2.65 per share.		

Earnings

The following report has been received from the auditors of the Company:

COMMODORE BUSINESS MACHINES (CANADA) LIMITED
Comparative Statement of Consolidated Earnings

	Gross Income	Profit From Operations Before Depreciation Interest Charges and Taxes on Income	Depreciation	Profit From Operations Before Interest Charges and Taxes on Income	Interest On Advances and Loans	Taxes on Income	Net Income or (Loss)
Year Ended January 31, 1960	\$ 591,041	\$ 60,617	\$ 3,429	\$ 57,188	\$ 52,878	—	\$ 4,310
Year Ended January 31, 1961	1,124,597	95,367	3,040	92,327	103,496	—	(11,170)
Five Months Ended June 30, 1961	409,758	25,923	921	25,002	50,991	—	(25,989)
Year Ended June 30, 1962 (Consolidated)	3,575,419	452,042	20,603	431,439	205,331	\$75,170	150,938

NOTES:

- The Company's fiscal year end was changed to June 30 commencing June 30, 1961.
- No depreciation was provided for tools, dies and moulds until July 1, 1961. Had depreciation been taken in the manner as set by the Directors for the year ended June 30, 1962, the amounts shown would have been increased as follows:

January 31, 1960	\$6,108
January 31, 1961	6,591
June 30, 1961	2,705

Depreciation for the year ended June 30, 1962 has been taken at maximum rates as permitted by the Income Tax Act, except depreciation on dies and moulds for which the Directors have set a policy of a 25% per annum allowance on a straight line basis.

- Because controlling interest in the subsidiaries was not held prior to July 1, 1961, the consolidation of the accounts of the subsidiaries was not made prior to that date.
- The consolidation includes the accounts of the following wholly-owned subsidiaries:
 - Commodore Drycopy Limited—Toronto, Ontario—for the period from incorporation
June 12, 1962 to June 30, 1962.
 - Commodore Dry Copy Inc.—New York, N.Y.—for the period from incorporation
June 14, 1962 to June 30, 1962.
 - Commodore Business Machines, Inc.—New York, N.Y.—for the year ended June 30, 1962.

For purposes of consolidation, expenses and revenues of the United States subsidiaries are converted at the average rate of exchange for the year.

- By Supplementary Letters Patent dated February 7, 1962 the name of the company was changed from Commodore Portable Typewriter Company Limited to Commodore Business Machines (Canada) Limited.

Auditors' Report

To the Directors,
Commodore Business Machines (Canada) Limited.

We have examined the comparative statement of consolidated earnings of Commodore Business Machines (Canada) Limited for the two years and five months ended June 30, 1961 and the year ended June 30, 1962. With respect to the accounts of the Parent Company and its Canadian subsidiary, our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

The accounts of the American subsidiaries were examined by Messrs. Katz, Fenton and Schulman, Accountants and Auditors, of New York, and are included in the consolidation for the year ended June 30, 1962 on the basis of their reports.

In our opinion, the accompanying statement, when read in conjunction with the notes thereto, presents fairly the earnings of the Company for the periods shown, in accordance with generally accepted accounting principles applied on a basis consistent throughout the periods.

(Signed) ROSE & HARRISON,

Chartered Accountants.

Toronto, October 19, 1962.

Certain Provisions of the Trust Indenture

The \$1,000,000 aggregate principal amount of 7% Convertible Sinking Fund Debentures Series A (hereinafter referred to as the "Series A Debentures") now proposed to be issued by the Company are to be direct obligations of the Company and are to be issued under and secured by a Trust Indenture (hereinafter referred to as the "Trust Indenture") to be dated as of November 1, 1962 and to be entered into between the Company and Montreal Trust Company, as Trustee. The Series A Debentures and all other Debentures hereafter issued under the Trust Indenture will be secured by

(a) a floating charge under the laws of the Province of Ontario upon all property and assets of the Company, present and future, and upon its undertaking, and

(b) an assignment to the Trustee of the proceeds of a policy or policies of life insurance in the amount of \$500,000 owned by the Company on the life of Jack Tramiel.

The Trust Indenture will provide that the floating charge to be created by the Company as security for the Series A Debentures will be subject to a prior first floating charge created by the Company to secure certain long term notes payable in the original principal amount of \$300,000 and that the said floating charge shall not hinder or prevent the Company from giving security or securities ranking prior to the said floating charge to any bank or finance company to secure loans made to the Company or Commodore Inc. in the ordinary course of their respective businesses and for the purpose of carrying on or extending the same, provided that the aggregate principal amount of such loans so secured shall not exceed \$1,000,000 on a consolidated basis.

The Trust Indenture will contain provisions permitting the issuance from time to time of additional Debentures (herein referred to as "Additional Debentures") thereunder without limitation as to aggregate principal amount, which Additional Debentures will rank equally and rateably with the Series A Debentures save only as to sinking fund provisions applicable to different issues but no such Additional Debentures may be issued unless

(i) the sum of consolidated net current assets of the Company and its subsidiaries plus the proceeds of the Additional Debentures then about to be issued shall be at least equal to 120% of the aggregate principal amount of all consolidated funded obligations of the Company and its subsidiaries to be outstanding immediately after such issue, and

(ii) the average annual consolidated net earnings of the Company and its subsidiaries for the three completed fiscal years next preceding the issue of such Additional Debentures shall have been at least equal to twice the annual interest requirements on all consolidated funded obligations of the Company and its subsidiaries to be outstanding immediately after the issue of such Additional Debentures.

Reference is made to the provisions of paragraph 9 of the subjoined statutory information for further particulars relating to the Series A Debentures including the restriction which will be contained in the Trust Indenture with respect to the payment of dividends by the Company and the foregoing references are subject in their entirety to the full statements related thereto which appear in said paragraph 9.

Conversion Privilege

Each Series A Debenture will be convertible at the option of the holder at any time after June 15, 1963 and up to the close of business on October 31, 1974 or the fifth day immediately preceding the date specified for redemption of any such Debenture, whichever is the earlier, into fully paid and non-assessable common shares in the capital of the Company at a price of \$4.00 per share. The Company will pay accrued interest to the date of conversion of each Series A Debenture.

The Trust Indenture will contain provisions for adjustment of the conversion privilege in certain events including the issuance of common shares below the conversion price in effect at the time of such issue and subdivisions and consolidations of outstanding common shares. Provision will also be made in the Trust Indenture to protect the right of conversion in the event of any capital reorganization or reclassification of the share capital of the Company or the consolidation or merger of the Company with or into another corporation or the sale or transfer of the assets of the Company as a whole or substantially as a whole. The Trust Indenture will provide that no fraction of a common share will be deliverable upon the conversion of any Series A Debenture and that the Company will adjust all fractions arising upon conversion by paying to the holder of the Series A Debenture being surrendered for conversion an amount in cash computed in the manner to be set out in the Trust Indenture.

Share Purchase Warrants

The Series A Debentures, when originally issued in definitive form, will be accompanied by Share Purchase Warrants entitling the holders thereof to purchase on or before the close of business on November 1, 1974 common shares without par value in the capital of the Company at a price of \$4.50 per share at the rate of 100 such common shares for each \$1,000 principal amount of such Debentures. Reference is made to paragraph 11 of the subjoined statutory information for further details of the said Share Purchase Warrants.

COMMODORE BUSINESS MACHINES (CANADA) LIMITED (Note 5 (a))
and its Wholly-owned Subsidiaries (Note 1)

Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet (Note 11)
as at June 30, 1962

(The Pro Forma Consolidated Balance Sheet Gives Effect to the Transactions Set Out in Note 6)

ASSETS

CURRENT ASSETS

		Actual	Pro Forma
Cash on Hand and in Banks.....		\$ 445,027	\$ 272,978
Accounts and Notes Receivable	\$ 1,091,320		
Less—Provision for Doubtful Accounts	23,912	1,067,408	1,067,408
Discounts, Deposits and Refunds Receivable		41,287	41,287
Advances to Shareholders		12,189	12,189
Notes and Loans Receivable		98,440	98,440
Prepaid Expenses		9,017	9,017
Merchandise Inventory (at Lower of Cost or Market)		1,704,652	1,704,652
		<u>\$ 3,378,020</u>	<u>\$ 3,205,971</u>

FIXED ASSETS (At Cost)

Tools and Equipment	40,003		
Less—Accumulated Depreciation	9,363	30,640	30,640
Dies and Moulds	37,335		
Less—Accumulated Depreciation	9,334	28,001	28,001
Automotive Equipment	18,831		
Less—Accumulated Depreciation	7,904	10,927	10,927
Leasehold Improvements	1,959		
Less—Accumulated Depreciation	424	1,535	1,535
		<u>\$ 71,103</u>	<u>\$ 71,103</u>

OTHER ASSETS

Investments (Note 6)		—	243,997
Advances to Commodore Industries Limited—Jamaica (Note 3)		92,098	92,098
Franchise and Manufacturing Rights (At Cost)		31,000	31,000
Organization Expense		4,906	4,906
Commission and Expenses on Sale of Company's Shares		86,120	86,120
Debenture Discount and Financing Costs		—	90,000
		<u>\$ 214,124</u>	<u>\$ 548,121</u>
		<u>\$ 3,663,247</u>	<u>\$ 3,825,195</u>

LIABILITIES

CURRENT LIABILITIES

		Actual	Pro Forma
Accounts and Notes Payable and Accruals		\$ 1,023,942	\$ 1,023,942
Provision for Income Taxes Payable		74,790	74,790
Sales, Excise and Withholding Taxes Payable		12,219	12,219
Advances from Finance Company (Note 2)		848,052	—
Advances from Shareholders		50,000	50,000
Long Term Notes Payable—Current Portion (Note 4)		55,927	55,927
		<u>\$ 2,064,930</u>	<u>\$ 1,216,878</u>

LONG TERM LIABILITIES

Notes Payable (Note 4)		459,323	459,323
7% Convertible Sinking Fund Debentures Series A (Note 7)		—	1,000,000
		<u>\$ 459,323</u>	<u>\$ 1,459,323</u>
		<u>\$ 2,524,253</u>	<u>\$ 2,676,201</u>

SHAREHOLDERS' EQUITY

Capital Stock (Note 5(b))			
Authorized:			
2,000,000 Common Shares Without			
Par Value (Note 8)			
Issued and Fully Paid:			
816,000 Common Shares Without Par Value (Note 9)		751,032	751,032
Surplus (Note 10)			
Earned Surplus		119,650	119,650
Contributed Surplus		235,168	245,168
Capital Surplus		33,144	33,144
		<u>\$ 1,138,994</u>	<u>\$ 1,148,994</u>
		<u>\$ 3,663,247</u>	<u>\$ 3,825,195</u>

Contingent Liability: \$1,179

The accompanying notes to the consolidated balance sheet and pro forma consolidated balance sheet are an integral part thereof and should be read in conjunction therewith.

Approved on behalf of the Board:

(Signed) JACK TRAMIEL,

Director

(Signed) MANFRED KAPP,

Director

COMMODORE BUSINESS MACHINES (CANADA) LIMITED

and its Wholly-owned Subsidiaries

Notes to Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet as at June 30, 1962

- The consolidation includes the wholly-owned subsidiaries:
Commodore Business Machines, Inc., New York, N.Y.
Commodore Dry Copy Inc., New York, N.Y.
Commodore Drycopy Limited, Toronto, Ontario.
- The "Advances from Finance Company" have been made to Commodore Business Machines, Inc., and are collaterally secured by that company's inventory and accounts receivable.
- The collectibility of advances to Commodore Industries Limited—Jamaica, is dependent upon the revenue the Jamaican Company will receive from a contract in which the franchise rights of the "Quick" adding machine are leased to Commodore Business Machines (Canada) Limited and its subsidiaries. As an alternative, this contract provides for the purchase of these franchise rights.
- The Long Term Notes Payable are as follows:

	Current Portion Due Within One Year	Due After June 30, 1963	Total
Commodore Business Machines (Canada) Limited.....	\$ 35,000	\$ 265,000	\$ 300,000
Collaterally secured by a first floating charge debenture registered against the assets of the company, ranking prior to the floating charge to be created by the company to secure the 7% Convertible Sinking Fund Debentures Series A (Note 7).			
Commodore Business Machines, Inc.....	20,927	194,323	215,250
Collaterally secured by specific assignments of accounts receivable and warehouse receipts.			
	<u>\$ 55,927</u>	<u>\$ 459,323</u>	<u>\$ 515,250</u>

These loans bear interest at 8.8% per annum. The final payments are due on September 30, 1968.

- By Supplementary Letters Patent dated February 7, 1962 the name of the Company was changed from Commodore Portable Typewriter Company Limited to Commodore Business Machines (Canada) Limited.
 - Prior to the issue of said Supplementary Letters Patent, the issued and outstanding preferred shares were redeemed and an additional 632 common shares of the original authorized capital were issued for a consideration of \$235,800, of which \$235,168 was allocated to contributed surplus. The Supplementary Letters Patent converted the then existing 1,032 common shares with a par value of \$1.00 each into 516,000 common shares without par value and increased the authorized capital by 1,484,000 common shares without par value to create a total authorized capital of 2,000,000 common shares without par value. The unissued preferred and common shares of the original authorized capital were cancelled by the Supplementary Letters Patent. On June 29, 1962, an additional 300,000 common shares were sold for a consideration of \$750,000. Commission on sale of these shares amounted to \$75,000.
- The pro forma consolidated balance sheet gives effect to the following transactions:
 - The creation, issue and sale of \$1,000,000 principal amount of 7% Convertible Sinking Fund Debentures Series A due November 1, 1974 for a cash consideration of \$935,000.
 - The creation, issue and sale of 200,000 Share Purchase Warrants for a cash consideration of \$10,000.
 - The application of \$848,052 to the reduction of "Advances from Finance Company" (Note 2).
 - The payment of legal, audit and other expenses, in connection with the foregoing, estimated at \$25,000.
 - The acquisition by Commodore Business Machines, Inc. of approximately 48% of the outstanding common shares of Analogue Controls, Inc. at a cost of \$243,997.
- The 7% Convertible Sinking Fund Debentures Series A will be secured by a floating charge on all property and assets of the company subject only to a prior first floating charge (Note 4) and bank and finance company loans made in the ordinary course of business not to exceed \$1,000,000 in the aggregate principal amount.
The 7% Convertible Sinking Fund Debentures Series A will be convertible into fully paid and non-assessable common shares at any time after June 15, 1963 at a price of \$4.00 per share. This conversion privilege expires on October 31, 1974. In addition, the Series A Debentures are redeemable at the option of the Company at any time in whole or from time to time in part from and after July 1, 1963, on thirty days written notice.
The Company will be required to establish a sinking fund for the Series A Debentures by paying to the Trustee \$100,000 on November 1 in each of the years 1965 to 1973 inclusive.
- The following shares have been reserved:
 - For the exercise of 200,000 Share Purchase Warrants of which 100,000 will accompany the 7% Convertible Sinking Fund Debentures Series A. These warrants will entitle the holders thereof to purchase fully paid and non-assessable common shares at \$4.50 per share if exercised on or after July 1, 1963 and on or before November 1, 1974. The Share Purchase Warrants will be void after November 1, 1974. 200,000 Shares
 - For the exercise of the conversion privilege attaching to the 7% Convertible Sinking Fund Debentures Series A, wherein the holders thereof may convert the said Debentures after June 15, 1963 into fully paid and non-assessable common shares at \$4.00 per share. The conversion privilege expires on October 31, 1974. 250,000 Shares
 - For options granted to employees to purchase fully paid and non-assessable common shares at \$2.65 per share. 60,000 Shares

510,000 Shares
- The trust indenture pursuant to which the 7% Convertible Sinking Fund Debentures Series A are to be issued will contain provisions restricting the payment of dividends by the Company and restricting the issue of any additional Debentures.
- | Surplus | Actual | Pro Forma |
|---|-------------------|-------------------|
| Earned Surplus | \$ 119,650 | \$ 119,650 |
| Contributed Surplus | | |
| —Arising from the conversion of loans payable to share capital | 235,168 | 235,168 |
| —Arising from the sale of 200,000 Share Purchase Warrants | — | 10,000 |
| Capital Surplus | | |
| —Arising from the sale of fixed assets less uncollectible advances to other corporations, as well as surplus arising on acquisition of a subsidiary | 33,144 | 33,144 |
| | <u>\$ 387,962</u> | <u>\$ 397,962</u> |
- For purposes of consolidation, current assets and all liabilities of the United States Subsidiaries are converted at the rate of exchange prevailing as at the balance sheet date.

AUDITORS' REPORT

To the Directors,
COMMODORE BUSINESS MACHINES (CANADA) LIMITED,
Toronto, Ontario.

We have examined the consolidated balance sheet and the pro forma consolidated balance sheet of Commodore Business Machines (Canada) Limited and its wholly-owned subsidiaries as at June 30, 1962. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. We have obtained all the information and explanations which we have required.

The accounts of the American Subsidiaries were examined by auditors resident in New York, and are included in the consolidated statements on the basis of their reports qualified by the fact that they "were not present to observe the taking of physical inventories," but did check "the calculations and pricing by means of sales and other data. Although there may be variations which would affect the reporting of the profits, the inventories do not appear to be unreasonable."

In our opinion, based on our examination and the report of the other auditors, and according to the best of our information and explanations given to us, the accompanying consolidated balance sheet together with the notes thereto, presents fairly the financial position of the Company and its wholly owned subsidiaries as at June 30, 1962 in accordance with generally accepted accounting principles applied on a basis consistent with the preceding period.

In our opinion, the pro forma consolidated balance sheet, together with the notes thereto, presents fairly the financial position of the Company and its wholly owned subsidiaries as at June 30, 1962 after giving effect to the transactions set forth in Note 6 to the consolidated balance sheet and pro forma consolidated balance sheet.

(Signed) ROSE & HARRISON,

Chartered Accountants.

Toronto, October 19, 1962

Statutory Information

1. The full name of the Company is Commodore Business Machines (Canada) Limited (herein referred to as the "Company"), and the address of its head office is 680 King Street West, Toronto, Ontario.
2. The Company was incorporated as a private company under the laws of the Province of Ontario by Letters Patent dated October 10, 1958. Supplementary Letters Patent dated February 7, 1962, converting the Company to a public company and effecting certain capital changes, were issued to the Company.
3. The general nature of the business actually transacted or to be transacted by the Company is the manufacture, assembly and sale of office business machines and equipment, principally typewriters and adding machines.
4. The names in full, present occupations and home addresses in full of the directors and officers of the Company are as follows:—

Directors

Campbell Powell Morgan	Executive	11 St. Ives Crescent, Toronto, Ontario.
Jack Tramiel	Executive	3226 Grand Boulevard, Baldwin, Long Island, New York.
Manfred Kapp	Executive	53 Fenelon Drive, Don Mills, Ontario.
Carl Morton Solomon	Solicitor	507 Atlas Avenue, Toronto, Ontario.
John Aubrey Medland	Executive	12 Old Forest Hill Road, Toronto, Ontario.
Douglas Rudyard Annett	Investment Dealer	80 Glengrove Avenue West, Toronto, Ontario.
Carman George King	Investment Dealer	171 Owen Boulevard, Toronto, Ontario.
Harry Wagman	Chartered Accountant	72 Shallmar Boulevard, Toronto, Ontario.
Fenimore Fisher	Executive	200 Frank Road, Hicksville, New York.

Officers

Campbell Powell Morgan	Chairman of the Board	11 St. Ives Crescent, Toronto, Ontario.
Jack Tramiel	President	3226 Grand Boulevard, Baldwin, Long Island, New York.
Fenimore Fisher	Vice-President	200 Frank Road, Hicksville, New York.
Manfred Kapp	Secretary-Treasurer	53 Fenelon Drive, Don Mills, Ontario.

5. Messrs. Rose & Harrison, Chartered Accountants, 18 Grenville Street, Toronto 5, Ontario, are the Auditors of the Company.

6. The Transfer Agent and Registrar for the common shares of the Company is The Eastern Trust Company at its principal offices in the Cities of Montreal and Toronto, Canada.

Montreal Trust Company will be the Trustee under the Trust Indenture pursuant to which the \$1,000,000 aggregate principal amount of 7% Convertible Sinking Fund Debentures Series A (hereinafter referred to as the "Series A Debentures") are to be issued and registers upon which coupon Series A Debentures may be registered as to principal and upon which fully registered Series A Debentures shall be registered as to principal and interest and upon which transfers of Series A Debentures so registered shall be recorded will be kept by Montreal Trust Company at its principal offices in the Cities of Montreal and Toronto, Canada.

7. The authorized share capital of the Company consists of 2,000,000 common shares without par value, of which 816,000 shares have been issued and are outstanding as fully paid and non-assessable.

8. All of the common shares in the capital of the Company rank equally as to dividends, carry one vote per share and have equal rights on liquidation or distribution of capital assets.

9. The \$1,000,000 aggregate principal amount of the Series A Debentures proposed to be issued by the Company are to be issued under a Trust Indenture (herein sometimes referred to as the "Trust Indenture") to be dated as of November 1, 1962 and to be entered into between the Company and Montreal Trust Company, as Trustee. The Series A Debentures are to be direct obligations of the Company and are, in the opinion of counsel, to be secured by

(i) a floating charge under the laws of Ontario upon all property and assets of the Company, present and future, and upon its undertaking, and

(ii) an assignment to the Trustee of the proceeds of a policy or policies of life insurance in the amount of \$500,000 owned by the Company on the life of Jack Tramiel.

The Trust Indenture will provide that the floating charge to be created by the Company as security for the Series A Debentures shall be subject to a prior first floating charge created by the Company to secure certain long

term notes payable in the original principal amount of \$300,000 and that the said floating charge shall not hinder or prevent the Company from giving security or securities, ranking prior to the said floating charge, to any bank or finance company to secure loans made to the Company or Commodore Business Machines, Inc. in the ordinary course of their respective businesses and for the purpose of carrying on or extending the same, provided that the aggregate principal amount of such loans so secured shall not exceed \$1,000,000 on a consolidated basis.

The Trust Indenture will contain provisions permitting the issuance (subject as hereinafter provided) from time to time of additional Debentures (herein called "Additional Debentures") thereunder without limitation as to aggregate principal amount, which Additional Debentures will be secured equally and rateably with the Series A Debentures save only as to sinking fund provisions applicable to different issues.

The Trust Indenture will provide that the Series A Debentures shall not be redeemable until July 1, 1963. From and after July 1, 1963, the Series A Debentures shall be redeemable at the option of the Company at any time in whole or from time to time in part on not less than 30 days prior notice at the principal amount thereof plus accrued and unpaid interest to the date specified for redemption plus a premium of 6% of such principal amount to and including November 1, 1964 and thereafter the said premium to decrease progressively by .6% on November 2, 1964 and on each succeeding November 2 to and including November 2, 1973, on and after which date the Series A Debentures will be redeemable without premium. If less than all the Series A Debentures are to be redeemed by call at any one time, the Series A Debentures to be redeemed shall be selected by lot by the Trustee.

The Company will covenant in the Trust Indenture to establish a sinking fund for the Series A Debentures by paying to the Trustee amounts sufficient to retire \$100,000 principal amount of Series A Debentures on November 1 in each of the years 1965 to 1973, inclusive. Series A Debentures will be redeemable out of sinking fund moneys at the principal amount thereof together with accrued interest to the date specified for redemption. The Company will have the right to purchase Series A Debentures in the market or by private contract at prices not exceeding the redemption price in effect at the time of purchase for Series A Debentures redeemed otherwise than out of sinking fund moneys plus accrued interest and costs of purchase. All Series A Debentures purchased or redeemed (except Series A Debentures purchased or redeemed out of sinking fund moneys) and all Series A Debentures converted into common shares in the capital of the Company shall, notwithstanding the cancellation thereof, be available to the Company as a sinking fund credit which at the election of the Company may be applied (to the extent not theretofore applied) in amounts of \$500 and multiples thereof in satisfaction in whole or in part of required sinking fund payments payable thereafter. The Trust Indenture will provide in respect of any sinking fund payment that, if any Series A Debenture is converted into common shares after having been called for redemption out of such sinking fund payment, the Company may at its election apply such Debenture as a sinking fund credit and reduce the amount of the said sinking fund payment accordingly or the Company may pay the full amount of the said sinking fund payment to the Trustee and the Trustee shall continue to call Series A Debentures for redemption until the said sinking fund payment has been exhausted.

Series A Debentures redeemed, purchased or converted are to be cancelled and not reissued.

Each Series A Debenture will be convertible at the option of the holder at any time after June 15, 1963 and up to the close of business on October 31, 1974 or the fifth day immediately preceding the date specified for redemption of any such Debenture whichever is the earlier into fully paid and non-assessable common shares in the capital of the Company at a price of \$4.00 per share. The Company will pay accrued interest to the date of conversion of each Series A Debenture. The Trust Indenture will contain provisions for adjustment of the conversion privilege in certain events including the issuance of common shares below the conversion price in effect at the time of such issue and subdivisions and consolidations of outstanding common shares. Provision will also be made in the Trust Indenture to protect the right of conversion in the event of any capital reorganization or reclassification of the share capital of the Company or the consolidation or merger of the Company with or into another corporation or the sale or transfer of the assets of the Company as a whole or substantially as a whole. The Trust Indenture will provide that no fraction of a common share will be deliverable upon the conversion of any Series A Debenture and that the Company will adjust all fractions arising upon conversion by paying to the holder of the Series A Debenture being surrendered for conversion an amount in cash computed in the manner to be set out in the Trust Indenture. The Company will covenant in the Trust Indenture that it will at all times reserve sufficient of its unissued common shares to satisfy the exercise of the right of conversion attaching to the Series A Debentures.

The Trust Indenture will contain covenants, among others, substantially to the effect that, so long as any of the Series A Debentures remain outstanding,

- (i) the Company will not issue any Additional Debentures nor will it issue or become liable on or permit any subsidiary to issue or become liable on any other funded obligations unless:

- (a) the sum of the consolidated net current assets of the Company and its subsidiaries plus the proceeds of the Additional Debentures or funded obligations, as the case may be, then about to be issued shall be at least equal to 120% of the aggregate principal amount of all consolidated funded obligations of the Company and its subsidiaries to be outstanding immediately after such issue, and

- (b) the average annual consolidated net earnings of the Company and its subsidiaries for the three completed fiscal years next preceding the issue of such Additional Debentures or other funded obligations as the case may be shall have been at least equal to twice the annual interest requirements on all consolidated funded obligations of the Company and its subsidiaries to be outstanding immediately after such issue;

- (ii) the Company will not

- (a) declare or pay any dividends other than in shares of the capital of the Company on any of its shares at any time outstanding, or

- (b) redeem, reduce, purchase or otherwise pay off any of its shares at any time outstanding (except out of the proceeds of an issue of shares made at any time after November 1, 1962 and prior to or contemporaneously with any such redemption, reduction, purchase or payment)

unless, immediately after giving effect to such action, the consolidated net current assets of the Company and its subsidiaries shall be equal to at least 100% of the principal amount of all consolidated funded obligations of the Company and its subsidiaries then outstanding.

The Trust Indenture will contain definitions substantially to the following effect:

"Funded obligations" of the Company and its subsidiaries means any indebtedness for money borrowed the principal amount of which by its terms is not payable on demand and matures more than 12 months after the date of creation or issuance thereof and any liability (contingent or otherwise) in respect of (i) any guarantee by the Company of any such indebtedness of any person, firm or corporation other than a subsidiary, and (ii) any guarantee by a subsidiary of any such indebtedness of any person, firm or corporation other than the Company or any other subsidiary.

"Consolidated funded obligations" of the Company and its subsidiaries means the aggregate amount of all funded obligations of the Company and all its subsidiaries arrived at on a consolidated basis in accordance with generally accepted accounting practice.

"Current assets" means accounts receivable, bills and notes receivable and similar items receivable in the ordinary course of business (less such reserves for bad and doubtful accounts as the directors in their discretion with the approval of the Company's Auditors may determine), cash on hand and in bank, bonds and obligations of or guaranteed by Canada or any Province of Canada and other investments (which term shall include bonds, debentures, debenture stock, shares and obligations of incorporated companies other than funded obligations issued by the Company or any subsidiary) which are readily saleable and which in accordance with generally accepted accounting practice may be properly grouped as current assets taken at their quoted market value, prepaid interest, insurance, municipal taxes and similar prepaid expenses of a current nature, stock-in-trade including all manufactured products of the Company and its subsidiaries and materials and supplies necessary for the operation of the plants and/or the manufacturing of the products of the Company and its subsidiaries, cash surrender value of life insurance policies payable to the Company or its subsidiaries and such other assets as are usually regarded as current by companies conducting a business similar to that of the Company and/or of its subsidiaries.

"Current liabilities" means accounts payable, proper reserves for taxes, bank loans and overdrafts, accrued interest and other liabilities required to be treated as current in accordance with generally accepted accounting practice; provided that (i) no liabilities under forward commitments of purchase related to the current operations of the Company and/or its subsidiaries and (ii) no principal, premium (if any) or sinking fund installments (if any) in respect of any funded obligations which may be owing, issued or guaranteed by the Company and/or its subsidiaries shall be taken into account in determining current liabilities.

"Consolidated net current assets" of the Company and its subsidiaries means the excess of the total of the current assets over the total of the current liabilities of the Company and all its subsidiaries arrived at on a consolidated basis in accordance with generally accepted accounting practice.

"Consolidated net earnings" of the Company and its subsidiaries means all the gross earnings and income of the Company and all its subsidiaries from all sources less all administrative, selling and operating charges and expenses of every character and all fixed charges of the Company and all its subsidiaries other than taxes on income and interest on funded obligations (but excluding gains or losses on the disposal of investment and fixed assets) arrived at on a consolidated basis in accordance with generally accepted accounting practice. Without limiting the generality of the foregoing, operating charges and expenses shall include insurance, maintenance, repairs, renewals (except such expenditures for renewals as are chargeable to capital account in accordance with generally accepted accounting practice), rentals, licences, taxes (other than taxes on income), interest (other than interest on funded obligations), such reserves for bad and doubtful debts as the directors in their discretion with the approval of the Company's Auditors may determine and in addition to actual expenditures for maintenance such allowance for depreciation and amortization as may be approved by the Company's Auditors. In determining consolidated net earnings, interest charges which will be eliminated or reduced by reason of the issuance of funded obligations shall be disregarded or adjusted. Provided that the net earnings of any subsidiary for the purpose of this definition shall only include such part of the net earnings and income of such subsidiary calculated as aforesaid as under generally accepted accounting practice is applicable to those shares of such subsidiary which are held by the Company or any other subsidiaries.

The \$1,000,000 aggregate principal amount of Series A Debentures, when originally issued in definitive form, will be accompanied by 100,000 of the 200,000 Share Purchase Warrants to be issued under and pursuant to the Warrant Indenture referred to in paragraph 11 hereof entitling the holders thereof to purchase common shares in the capital of the Company at the rate of 100 common shares in respect of each \$1,000 principal amount of said Series A Debentures.

As at June 30, 1962 the Company and Commodore Business Machines, Inc. had outstanding certain long term notes in the aggregate principal amount of \$515,250 all maturing on September 30, 1968 and bearing interest at the rate of 8.8% per annum. The long term note given by the Company is collaterally secured by a first floating charge debenture. The long term note given by Commodore Business Machines, Inc. is collaterally secured by warehouse receipts and specific assignments of accounts receivable. Reference is expressly made to Note 4 to the accompanying Pro Forma Consolidated Balance Sheet as at June 30, 1962.

The indebtedness of the Company and of Commodore Business Machines, Inc. as aforesaid will rank ahead of the Series A Debentures and the Share Purchase Warrants.

Save as aforesaid there are no bonds, debentures or other securities outstanding or proposed to be issued by the Company which, if issued, would rank ahead of or *pari passu* with the Series A Debentures and the Share Purchase Warrants.

10. No substantial indebtedness not shown in the Pro Forma Consolidated Balance Sheet of the Company and its wholly-owned subsidiaries as at June 30, 1962, forming part of this Prospectus is now intended to be created or assumed by the Company or its subsidiaries except obligations to be incurred in the ordinary course of the business and operations and on the general credit of the Company or its subsidiaries.

11. On August 9, 1962, the Company granted to selected executives and key employees options to purchase an aggregate of 60,000 common shares of the Company at \$2.65 per share. The term of each option is 5 years from August 9, 1962, or until the termination of the optionee's employment with the Company, whichever shall first occur. The names of persons to whom such options have been granted and the amounts thereof are as follows: Jack Tramiel (20,000 shares), Manfred Kapp (20,000 shares), and other key personnel of the Company (20,000 shares).

Each Series A Debenture will be convertible at the option of the holder at any time after June 15, 1963 and up to the close of business on October 31, 1974 or the fifth day preceding the date specified for redemption of such Debenture, whichever is the earlier, into fully paid and non-assessable common shares in the capital of the Company on the basis described in Paragraph 9 of this Statutory Information.

The Company proposes to issue Share Purchase Warrants entitling the holders thereof to purchase on or before the close of business on November 1, 1974 an aggregate of 200,000 common shares in the capital of the Company at a price of \$4.50 per share. The Share Purchase Warrants will expire at the close of business on November 1, 1974. The Share Purchase Warrants are to be issued under an Indenture (hereinafter referred to as the "Warrant Indenture") to be dated as of November 1, 1962 and to be made between the Company and The Eastern Trust Company, as Trustee. The Warrant Indenture will contain provisions for adjustment of the number of shares issuable pursuant to the privilege attaching to the Share Purchase Warrants in certain events including a subdivision or consolidation of the common shares in the capital of the Company or in the event of any reorganization or reclassification of the share capital of the Company or the consolidation or merger of the Company with or into another corporation or the sale or transfer of its assets as a whole or substantially as a whole or in the event of the issue of any common shares for a consideration less than the subscription price in effect at the time of such issue. In addition, the Company will covenant in the Warrant Indenture to give at least 30 days public notice to holders of unexercised Share Purchase Warrants of the record date for payment of any stock dividend on its common shares and before issuing to its shareholders pro rata rights to subscribe for additional shares or making any repayment of capital on its common shares.

Save as hereinbefore stated no securities of the Company are covered by options outstanding or proposed to be given by the Company.

12. The Company proposes to issue \$1,000,000 aggregate principal amount of Series A Debentures and 200,000 Share Purchase Warrants. The offering price of the Series A Debentures accompanied when originally issued in definitive form by 100,000 of the said 200,000 Share Purchase Warrants is \$100 per \$100 principal amount thereof and accrued interest. The offering price of the remaining 100,000 Share Purchase Warrants is 6¢ per Warrant. Reference is made to paragraph 15 hereof.

Within the two preceding years the Company has issued and sold 300,000 of its common shares for a net cash consideration received by the Company of \$675,000 after payment of a commission of \$75,000 on the sale thereof. Such shares were sold by the Company through registered securities dealers as agents.

13. The estimated aggregate net proceeds to be derived by the Company from the sale of the Series A Debentures, and the Share Purchase Warrants on the basis of the same being fully taken up and paid for are \$945,000, less legal, auditing, and other expenses in connection with the issuance thereof, which expenses are estimated at \$25,000.

14. The net proceeds to the Company from the sale by the Company of the securities referred to in Paragraph 13 hereof will be used to repay outstanding advances from finance companies to Commodore Business Machines, Inc. which as at June 30, 1962, amounted to approximately \$848,000 and the balance will be used for general corporate purposes of the Company and its subsidiaries.

15. By agreement dated October 18, 1962 and made between the Company and Annett & Company Limited, 220 Bay Street, Toronto, Ontario, acting on its own behalf as underwriter, the underwriter agreed, subject to the terms and conditions set out in the said agreement and compliance with the necessary legal formalities, to purchase from the Company, and the Company agreed to sell to such underwriter, \$1,000,000 aggregate principal amount of Series A Debentures of the Company at a price of \$93.50 per \$100 principal amount thereof and accrued interest and 200,000 Share Purchase Warrants of the Company at a price of 5¢ per Warrant, the said price in each case being payable in cash against delivery of the said Series A Debentures in interim form and certificates representing 100,000 of the said Share Purchase Warrants on or about November 30, 1962.

As stated in Paragraph 9 hereof, the Series A Debentures when originally issued in definitive form will be accompanied by 100,000 of the said 200,000 Share Purchase Warrants. The remaining 100,000 Share Purchase Warrants of the Company being purchased by the underwriter pursuant to the aforesaid agreement may be offered by the underwriter at the price of 6¢ per Warrant.

16. The by-laws of the Company contain the following provisions for the remuneration of directors:
"Remuneration of Directors — The Directors shall be paid such remuneration, if any, as the Board may from time to time determine. Any remuneration so payable to a Director who is also an officer or employee of the Company or who is counsel or solicitor to the Company or otherwise serves it in a professional capacity shall be in addition to his salary as such officer or to his professional fees as the case may be. In addition the Board may by resolution from time to time award special remuneration out of the funds of the Company to any Director who performs any special work or service for, or undertakes any special mission on behalf of the Company, outside the work or services ordinarily required of a Director of the Company. The Directors shall also be paid such sums in respect of their out-of-pocket expenses incurred in attending board, committee or shareholders' meetings or otherwise in respect of the performance by them of their duties as the Board may from time to time determine. No confirmation by the shareholders of any such remuneration or payment shall be required."

17. The aggregate remuneration paid by the Company during its last financial year to directors as such was nil and to those officers who individually received remuneration in excess of \$10,000 per annum was \$30,000. For the current financial year the Company has established a policy for the payment of a fee of \$50.00 to each director in attendance at each meeting of directors. The aggregate remuneration for the current financial year to be paid to officers who individually receive or may be entitled to receive remuneration in excess of \$10,000 for the current financial year is estimated at approximately \$30,000.

18. The Company sold 300,000 common shares of its capital through registered securities dealers as agents and paid the sum of \$75,000 by way of commission therefor. Reference is made to Paragraph 15 hereof for the price at which the Series A Debentures and the Share Purchase Warrants are being sold by the Company.

19. The Company has been carrying on business for more than one year.

20. Except as to transactions entered into in the ordinary course of business, or on the general credit of the Company, no property has been purchased or acquired by the Company the purchase price of which is to be defrayed in whole or in part out of the proceeds of the Series A Debentures and Share Purchase Warrants, or has been within the two preceding years or is to be paid in whole or in part in securities of the Company, except as hereinafter stated. Pursuant to an Agreement dated April 18, 1961, the Company purchased from George Purvin, of the City of

New York, two common shares in the capital stock of each of Herald-Superior Office Equipment, Inc. and Commodore Business Machines, Inc., and in payment therefor the Company issued to said George Purvin 200 fully paid common shares (now representing 100,000 common shares) in the capital of the Company. The shares so acquired represented 50% of the issued and outstanding capital stock of Herald-Superior Office Equipment, Inc. and Commodore Business Machines, Inc. and upon such acquisition each of said companies became wholly-owned subsidiaries of the Company. Herald-Superior Office Equipment, Inc. was subsequently wound up.

21. In August, 1962, Commodore Business Machines, Inc. acquired approximately 48% of the issued common shares of Analogue Controls, Inc. at a cost of \$243,997.

22. Other than as referred to in Paragraph 20 hereof no securities of the Company have, within the two years preceding the date of this Prospectus, been issued or agreed to be issued as fully or partly paid up otherwise than in cash.

23. Details of the Series A Debentures are set out in Paragraph 9 hereof to which reference is hereby expressly made.

24. No services have been rendered or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds of the Series A Debentures and the Share Purchase Warrants or have been within the last two preceding years or are to be paid for by securities of the Company except for legal, auditing, printing and other expenses referred to in Paragraph 13 hereof.

25. No amount has been paid within the two years preceding the date of this Prospectus or is intended to be paid to any promoter as such.

26. Other than contracts entered into in the ordinary course of business the Company has not entered into any material contracts within the two years preceding the date hereof except;

(i) The Agreement with George Purvin referred to in Paragraph 20 hereof;

(ii) The Underwriting Agreement referred to in Paragraph 15 hereof.

Copies of the said contracts and, when executed, of the Trust Indenture and the Warrant Indenture may be inspected at the head office of the Company, 680 King Street West, Toronto, Ontario, during ordinary business hours during the course of primary distribution of the Series A Debentures and the Share Purchase Warrants.

27. The Company does not at this time propose to acquire any property in which any director has an interest.

28. The Company has been carrying on business for more than three years.

29. No person is known to be, by reason of beneficial ownership of securities of the Company, in a position to elect or cause to be elected a majority of the Directors of the Company. The persons referred to in Paragraph 4 hereof, to which reference is hereby expressly made, could, if they acted as a group, elect or cause to be elected a majority of the Directors of the Company.

30. No dividends have been paid on any shares of the Company during the five years preceding the date of this Prospectus.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by section 39 of The Securities Act (Ontario) and under the Quebec Securities Act and there is no further material information applicable other than in the financial statements or reports where required or exigible.

DATED this 30th day of October, 1962.

Directors

(Signed) C. P. MORGAN

(Signed) D. R. ANNETT

(Signed) JACK TRAMIEL

(Signed) C. G. KING

(Signed) MANFRED KAPP

(Signed) H. WAGMAN

(Signed) CARL M. SOLOMON

(Signed) FENIMORE FISHER
by his agent

(Signed) J. AUBREY MEDLAND

(Signed) MANFRED KAPP

Underwriter

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by section 39 of The Securities Act (Ontario) and under the Quebec Securities Act and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

ANNETT & COMPANY LIMITED

by

(Signed) D. R. ANNETT

The following are the names of every person having an interest either directly or indirectly to the extent of not less than 5% in the capital of Annett & Company Limited: D. R. Annett, C. G. King, J. W. Annett, T. A. W. Duncan, E. J. Allman, and J. A. M. Belshaw.